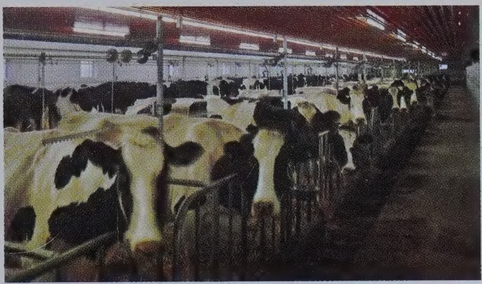

stelco Annual Report 1972

THE STEEL COMPANY OF CANADA, LIMITED

CONTENTS

STEEL IN TO-DAY'S WORLD

The range of industries served by steel is constantly increasing. Illustrated in this Report are just a few of the ways the material is becoming more important to more people. The future seems full of promise and opportunity for steel, a commodity which continues to be one of the world's most versatile and useful substances.

Pour obtenir un exemplaire de la version française de ce rapport, veuillez écrire au secrétaire,
The Steel Company of Canada, Limited,
P.O. Box 205, Toronto-Dominion Centre,
Toronto, Ontario,
M5K 1J4.

ANNUAL MEETING

The Annual Meeting of the Shareholders of the Company will be held at the Cinema Theatre in the Concourse of the Toronto-Dominion Centre, Bay Street Entrance, in Toronto, at 10:30 a.m., Eastern standard time, on Monday, April 16, 1973.

TRANSFER AGENT

MONTREAL TRUST COMPANY
Toronto, Montreal, Halifax, Hamilton,
Winnipeg, Regina, Edmonton, Vancouver

REGISTRAR

THE ROYAL TRUST COMPANY
Toronto, Montreal, Halifax, Hamilton,
Winnipeg, Regina, Edmonton, Vancouver

stelco

file

Proceedings at the Annual Meeting of Shareholders Monday, April 16, 1973

he Steel Company of Canada, Limited,
ronto, Canada.

THE
STEEL COMPANY OF CANADA,
LIMITED

The following is a summary of the business transacted at the Annual Meeting of Shareholders, held at Toronto, Canada, on April 16, 1973.

Mr. H. M. Griffith, Chairman of the Board and Chief Executive Officer, was Chairman of the meeting and Mr. J. W. Younger, Q.C., Secretary of the Company, was Secretary.

The Chairman reported that 76% of the shares outstanding were represented at the meeting either in person or by proxy.

The minutes of the Annual Meeting of Shareholders held April 17, 1972 were approved.

The Directors' report to the shareholders and the financial statements for the year 1972 were approved and adopted.

The following Directors were elected:

W. Herman Browne

Alistair M. Campbell

J. Douglas Gibson, O.B.E.

J. Peter Gordon

CONTENTS

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ADDRESS BY H. M. GRIFFITH
Chairman of the Board and Chief Executive Officer

The Steel Company of Canada, Limited
63rd Annual Meeting
Monday, April 16, 1973

It is not my intention to dwell for long on the events of the past year. These are well documented in the Annual Report which was mailed to shareholders on the 9th of March this year. Some comment is called for, however, as it was an unusual year in many respects. It was a year of achievement in various ways — record output, record sales and a number of major new production units were brought into operation. In a different category, there was also a record labour settlement, in terms of costs, which is the principal reason for profit results not being as high as expected. Other factors, fortunately of a temporary nature, which added to our costs were the breaking-in of new production facilities at Hilton Works, materials handling problems and the need to adapt existing facilities to changing conditions. These difficulties were aggravated by the late delivery of components for the new Bloom and Billet Mill causing a serious and costly delay in bringing this key unit

into full production.

I am pleased to report that most of these problems are now behind us and we are making steady progress in achieving greater production and efficiency.

One of the most encouraging developments in 1972 was the recovery of demand in international steel markets. World steel production reached a record level of 691 million short tons, nearly 8% above that produced in 1971, and production levels in the early months of 1973 confirm that these year-over-year gains remain very strong. With this recovery in output, international steel prices rose sharply and import pressure in Canadian steel markets eased as offshore producers applied their production to their own domestic demand. If the high and rising levels of economic activity currently being experienced in most of the industrialized nations are maintained, they should provide solid support for the continued growth of world steel output in 1973 and beyond.

Against this background of stronger international steel markets, the outlook for Canada's steel industry over the next several years appears optimistic. Not only is the underlying growth of apparent steel consumption expected to continue to exceed the average rate of real

economic growth in the Seventies but, if the projected pipeline and other energy-related requirements for steel are realized, we should see an extra burst of domestic demand for your Company's products.

The fact that Stelco can produce many grades of steel covering a wide range of products places the Company in a very favourable position in this expanding market. It is also conducive to stable growth in sales and earnings since it provides the Company with the flexibility needed to select markets that are active and profitable. We intend to retain this important advantage accruing to our sales effort. The return from each product line will continue to be watched closely to ensure that its manufacture is justified. Production of a number of items has been discontinued in recent years where the margin of profit and/or lack of demand have dictated such action. At the same time, we have been introducing new products and developing new end uses for existing products. Of equal importance, in keeping with the Company's continuing updating of its product range, is the continual upgrading of product specifications to meet rising performance standards. The most prominent example is the increasingly high quality of large diameter pipe required for oil

and gas transmission lines.

Product diversification has been, and will continue to be, a major factor in Stelco's efforts to broaden its markets. Your Company will also continue to diversify geographically. At present, the major portion of our current raw steel capacity of 5.8 million tons is located at Hamilton, Ontario, with the balance in Edmonton, Alberta. By 1980, we expect that Hilton Works in Hamilton will account for about 75% of our total steelmaking capacity with the remaining capacity being at our sites at Lake Erie, Edmonton, Alberta and Contrecoeur , Quebec. Thus, by the end of the decade, our primary steel capacity will be less concentrated and capacity outside of Ontario will be more than twice what it is today.

A report on the progress which Stelco is making towards becoming a broader-based Company through diversification would be incomplete without some reference being made to the Company's program to expand its non-steel activities. Important in this area is our continuing participation in The Canada Systems Group, Limited which is making good progress in establishing an important position in the fast-growing Canadian computer service industry. We have also established a Technical Services Group whose field of endeavour is the marketing

of Stelco's technical services and new technology, both in Canada and other countries of the world.

We are constantly on the alert for new diversification opportunities. However, the criteria being applied to determine the most promising opportunities for either steel or non-steel diversification are most rigorous. Although this procedure has resulted in the rejection of a number of proposals, several projects which are currently being studied appear promising at this point in time.

Just recently it was announced that we were negotiating to increase our equity interest in Shaw Pipe Industries Ltd. from 2.5% to 33%. Stelco is a major tubular products producer and this investment in a progressive pipe-coating operation is consistent with our planned growth and diversification program. Shaw Pipe Industries is engaged in the application of protective coatings and linings to gas, oil and water pipe. It also manufactures a range of products that include plastic and poly-vinyl-chloride (P.V.C.) pipe and conduit. Shaw has plants in several locations in Canada, two in Australia and one in the United States.

Concern for the environment has brought a new social pressure to bear on the cost of doing business. We agree that money has to be spent to clean the air and water, to

recycle materials and dispose of solid waste. Stelco has spent or committed over $65 millions for this purpose to date and we are faced with still further heavy expenditures in the future. In the end, these costs have to be recovered in the price that the consumer pays for goods and services. While preservation of the environment must obviously have the highest priority, there are many factors which have to be considered if society is going to be in a position to continue a steady improvement in living standards.

The United Nations Conference on the Human Environment, held in Stockholm in June, 1972, issued this declaration:

> "Man has to constantly sum up his experience, and go on discovering, inventing, creating and advancing. In our time, man's capability to transform his surroundings, if used wisely, can bring to all peoples the benefit of development and the opportunity to enhance the quality of life. Wrongly or needlessly applied, the same can do unpredictable harm to human beings and the human environment."

This seems to me to be a sensible statement and one on which sensible courses of action can be taken. At Stelco we have been actively

engaged in improving air and water quality as well as the recirculation of solid waste as rapidly as technology permits. Each and every one of us must be ever mindful of the fact that just by living as human beings we are, in fact, disturbing the environment.

Stelco's interest goes beyond our day-to-day business and is vividly illustrated by our recognition of the need to support activities in the communities in which we work and reside. Each year, for example, Stelco employees at all levels become directly involved in local appeals and campaigns as committee chairmen, canvassers and co-ordinators. Some of these civic activities are performed, of necessity, during the working day but, by far, the largest portion of our employees' time is freely contributed by the individuals involved. The Company encourages its employees to participate in this kind of dedicated, thoughtful leadership, for such personal contributions are just as important to society as monetary assistance. It is Company policy to recognize and take a major position in the maintenance of a healthy, orderly, just and free society. To this end, the Company endeavours to support selected social welfare, health, cultural and educational organizations, and considers its con-

tribution to be prudent investment in the future of our country.

The degree to which Stelco can continue to support such worthwhile activities is limited by the Company's financial resources, just as the magnitude and nature of these resources are shaped by the characteristics of the business climate in which Stelco produces and markets its products. With respect to this climate, I believe it is of paramount importance that industry and government avoid acrimonious debate which, at times, has characterized our relationships. It was just about a year ago that a major step was taken towards improving co-operation between business and government with the introduction of Federal Tax Incentives for manufacturers and processors. We welcome these incentives. Had this Company not reflected the lower tax rate in the price adjustments announced following the labour settlement in 1972, Stelco's average selling price would have had to be further increased by as much as two dollars per product ton.

We sincerely hope that the incentives proposed by the Federal Government last May will be approved by Parliament and that government and industry will in future do more co-operating and less competing. As the year 1973 unfolds,

there will be ample opportunity to challenge the durability of this fragile relationship. For example: —

Inflation in Canada is well in excess of that being experienced in the United States, our major trading partner. While controls on Canadian prices and wages may not be warranted at this time, the improvement in the competitive position of Canadian manufacturers which will occur, if the 1972 fiscal incentives are passed, will be quickly lost if the country's relative price performance continues to deteriorate. Accordingly, unpopular stabilization policies which tend to challenge the structure of Canadian Confederation, as well as the vital concerns of private interest groups, may be required before the year is out.

The bilateral and multilateral trade negotiations in which Canada will participate will also test the strength and purpose of relationships between private industry and government. If these negotiations are to be successful, they will require close consultation between Canada's trade negotiators and experts from Canadian industries. Stelco will continue to provide technical assistance to

government departments in preparation for these important negotiations.

On the first of May, we will be reporting the results for the first quarter of the year. In terms of production and sales, we have recorded the best three-month period in the Company's history. If the Federal Government fails to enact favourable corporate tax legislation, however, the first quarter earnings will be adversely affected.

Further increases in the costs of raw materials, particularly scrap, are preventing earnings from keeping pace with the growth in sales. Price increases announced recently for some of our products are necessary to help offset the sharp advances in costs of raw materials.

The heavy volume of incoming business experienced in the past three months is continuing and the outlook for the future is excellent.

At this point, I would like to announce an important change in the senior management of our Company. Today will be the last time I will address you as Chief Executive Officer. The years as a senior officer have been challenging ones for me and I must say deeply satisfying. I hasten to add that I do not intend to drop completely out of the picture for a year or two anyway, as I will continue as Chairman of the Board

provided, of course, that the Directors of the Company do not have other ideas. However, it is very important that younger men take over top management positions earlier and retire earlier, as well, and it was with this in mind that your Directors adopted a resolution in 1972 setting the mandatory retirement age at 65 for all Officers of the Company in the future.

We are most fortunate in having an energetic and capable group of young men in our corporate management team headed by Mr. J. Peter Gordon, President of the Company. Therefore, to get on with organization plans, I will be recommending to the Board that Mr. Gordon be re-elected President and appointed to the position of Chief Executive Officer when we convene following this Annual Shareholders' Meeting.

Before concluding my remarks, I wish to acknowledge the contribution of Mr. Roy Gordon, a director since March, 1961, who retired at the year end in compliance with the Company's retirement policy for directors. His wide industrial experience and keen awareness of business matters were most helpful to all of us. We are very grateful for his wise counsel and advice during his years as a director. Dr. Jerry McAfee, President and Chief Execu-

tive Officer of Gulf Oil Canada Limited, was elected to fill the vacancy on the Board.

In closing, I wish to express my personal appreciation, as well as that of the Directors and Officers of the Company for the continued support and confidence of our shareholders, customers and employees.

stelco

SIXTY-THIRD ANNUAL REPORT

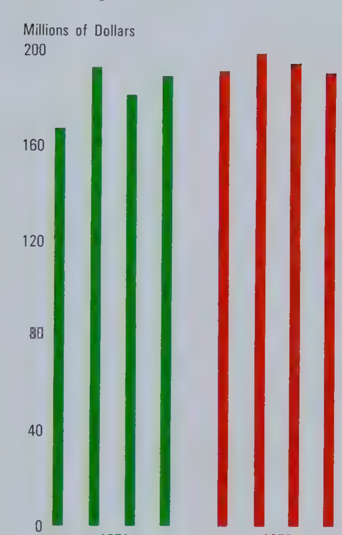
THE STEEL COMPANY OF CANADA, LIMITED

Toronto, Ontario

The Year in Brief

	1972	1971
Sales	**$775,931,000**	$730,247,000
Net income	**$ 67,089,000**	$ 66,645,000
Per cent of sales	**8.6%**	9.1%
Per share	**$2.73**	$2.74
Dividends declared	**$ 30,763,000**	$ 30,430,000
Per share	**$1.25**	$1.25
New investment—plants and raw material properties	**$ 95,034,000**	$ 95,077,000
Depreciation	**$ 39,738,000**	$ 37,068,000
Materials and services bought and used	**$379,654,000**	$346,822,000
Total employment costs	**$264,542,000**	$234,547,000
Working capital, year end	**$199,533,000**	$203,663,000
Raw steel produced — net tons	**5,031,000**	4,673,000
Average number of employees	**21,582**	21,351
Number of shareholders, year end	**40,036**	45,829
Number of shares outstanding, year end	**24,618,899**	24,344,847

Sales by Quarters



J. P. Gordon *H. M. Griffith*

TO THE SHAREHOLDERS

Economic recovery in Canada and in many other countries created a rising demand for steel in 1972 and Stelco, with its expanded facilities, produced and processed a record tonnage. Shipments were also the highest ever reported.

Notwithstanding the heavy volume of business, however, 1972 was not an easy year for Stelco. The inflow of orders was distorted by the uncertainty surrounding the outcome of labour negotiations which culminated in record employment cost increases. Other factors contributing to a difficult year were extraordinary expenditures incurred for plant rearrangement and major repair programs, as well as abnormally high start-up and break-in costs on several new production units brought into operation. Increases in the costs of raw materials, supplies and services also combined to depress profit margins in the second half of the year.

Selling price increases introduced to compensate in part for the relentless advance in manufacturing costs did not begin to take effect until the closing months of 1972. Under the circumstances, and despite record sales of $776 million, net earnings, at $67 million, were only fractionally higher than in the previous year. Further details and comparisons are provided in the review which follows.

The large expansion program at Hilton Works was brought much nearer to completion in 1972. Following the start-up of the new basic oxygen steelmaking facility, the old No. 2 open hearth shop was closed down. Other important facilities were brought into production late in the year: a new coke oven battery and a bloom and billet mill of the latest design. In addition, the Company's largest blast furnace was closed down for scheduled relining and design changes were made to increase its productivity. During this period, extensive repairs and modifications were also carried out in the universal slabbing mill. These programs caused production losses and increased manufacturing costs while the units were out of operation.

Elsewhere, the Company's Madison coal mine in West Virginia was brought into production. Development of the Beckley coal mine, also in West Virginia, and in which Stelco has an ownership interest, progressed but is a little behind schedule. The mine is expected to be in production in 1974. An ownership interest has been acquired in an iron ore property in Michigan. Production of iron ore pellets from this source, to be known as the Tilden Mine, is forecast to begin in mid-1974. At Gananoque, Ontario, a new press forging plant went into production and numerous lesser installations were completed at various plants of the Company to improve efficiency and expand capacity.

During the year, your Board authorized the construction of steelmaking facilities at Contrecoeur, Quebec, and Edmonton, Alberta. The facility at Contrecoeur will provide billets for the rolling mill at that location, reducing a dependence on purchased steel to supply the Eastern market. The installation at Edmonton will increase steelmaking capacity there and replace existing facilities that are no longer adequate. Land adjacent to the Edmonton plants has been acquired to provide for further expansion as the Western market develops.

Work is proceeding on the spiralweld pipe mill authorized at the end of 1971. Scheduled to be ready for production early in 1974, the mill will have the capability to produce pipe significantly larger in diameter and heavier in wall thickness than the Company can produce on its existing mills.

In widening its interests and activities at home and abroad, Stelco has recognized a growing need in many parts of the world for the kind of knowledge and experience possessed by its technical and management personnel in the fields of steelmaking and processing. A Technical Services Group has therefore been formed to market these services in either a consulting or a management capacity. Other opportunities for diversifying and expanding the Company's interests continue to be examined by the Corporate Planning Department.

Construction delays and a labour dispute which is preventing the installation of elevators at the Stelco Tower in Hamilton have held up the interior finishing of the office space that will be occupied by the Company's administrative and general staffs now located at Hilton Works. Transfer to the new premises is still dependent on settlement of the labour dispute and cannot now take place before the Spring months.

Directors

At the end of 1972, the Board of Directors lost through retirement the valued service of one of its most knowledgeable members. Mr. J. Roy Gordon had been a Director since March 1961 and brought to the Board's deliberations not only broad experience in heavy industry but a keen awareness of the business scene. His significant contribution to the success of the Company is deeply appreciated.

The vacancy on the Board has been filled by the election on February 19, 1973, of Dr. Jerry McAfee, the President of Gulf Oil Canada Limited.

Outlook

In the year ahead, economic expansion in Canada and abroad is expected to continue and the demand for steel products will be strong. Domestic requirements will again be heavy due to the high rate of residential construction, transportation needs, and increasing activity in agricultural and other equipment manufacturing, as well as in the volume of business handled by steel service centres. In addition, with projected levels of capital spending greater than in 1972, the demands arising from non-residential construction should be higher. Abroad, increasing economic activity in developed countries can be expected to provide greater export opportunities for Canadian steel and should limit, to some extent, the rate of growth in steel imports.

Favourable market conditions, greater output capacity and fewer production problems suggest a better year for Stelco in 1973. However, rising costs continue to present a serious threat to more satisfactory rates of return on ever-growing investments in new facilities. With a further substantial increase in labour costs to be absorbed in August, every effort is being exerted to keep expenses of all kinds to a minimum and bring about an improvement in profit margins.

Throughout a trying year, Stelco's employees displayed their usual dedication to the interests of the Company and their efforts are acknowledged with sincere thanks. The Directors and Officers also wish to express their appreciation for the continued confidence and support shown by shareholders, customers and suppliers.

H. M. Griffith

Chairman and
Chief Executive Officer

Gordon

President

Toronto, Canada
February 19, 1973.

REVIEW OF THE YEAR

FINANCIAL

Sales for the year, amounting to $775,931,000, rose by 6.3% over the previous record sales of $730,247,000 in 1971. The increase reflected a greater volume of shipments and also included some additional revenue from higher prices announced for many product lines before the end of the year.

Net earnings amounted to $67,089,000, compared with $66,645,000 in 1971. Earnings per share, at $2.73, were slightly lower than in the previous year ($2.74) because of the greater number of shares outstanding in 1972. The ratio of net income to sales declined from 9.1% to 8.6% and the return on shareholders' equity was 11.2% compared with 11.9% in 1971.

The relative lack of profit improvement, despite a higher level of sales, resulted from:

— A record increase in employment costs following the negotiation of new labour agreements with effect from August 1, 1972. The selling price increases introduced in the later months provided little offset in 1972.

— Abnormally heavy costs associated with the expansion program at Hilton Works. These included substantial charges for the relocation and rearrangement of certain facilities and excess costs incurred in the initial breaking-in of several major new production units.

— Furnace rebuilding and relining, major rolling mill overhauls and, in particular, a scheduled relining of the Company's largest blast furnace. The costs of these renewals, including the premiums paid for purchased iron and steel to replace the lost production, were much higher than normal.

— Uneven demand conditions caused by the inventory-building programs of customers prior to the labour settlement, and the inventory liquidation that followed.

The new labour agreements are for a term of three years ending July 31, 1975, and they result in additional employment costs of approximately $37,000,000 in the first year, rising to approximately $64,000,000 in the third year. Other costs for materials and services also continue to advance and the combined effect far outweighs the benefits obtainable from greater productivity as a result of massive investments in new facilities. The consequent drop in profit margins can be offset only by increased efficiency and greater productivity through the efforts of the labour force, and by adjustments in selling prices.

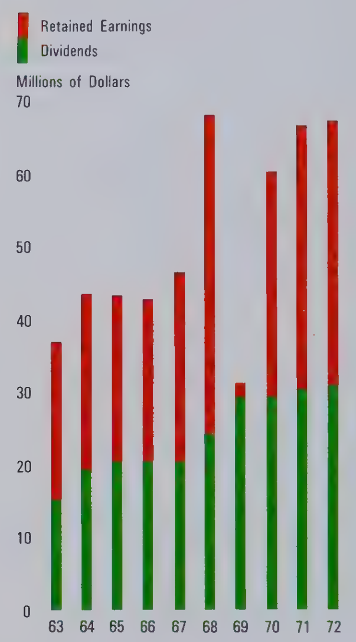
Profits in 1972 from the Company's mining interests were also less than expected, a result of rising costs generally and strike conditions at the Wabush Mine properties.

The provision for depreciation, $39,738,000, was significantly greater than in 1971, when it amounted to $37,068,000. The increase represented depreciation in respect of additional plant in use during the year.

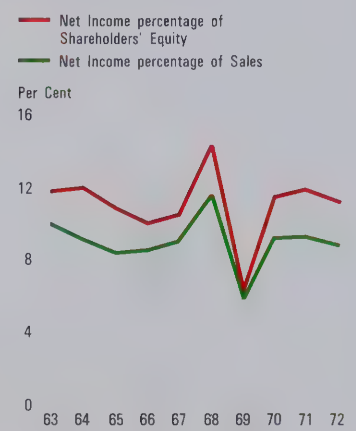
Dividends

The regular quarterly dividend rate of 30 cents a share was maintained throughout 1972 and, as in the previous year, an extra distribution of five cents a share was declared for the fourth quarter. The total declaration of $1.25 a share for each year amounted to $30,763,000 in 1972 and $30,430,000 in 1971, the increase resulting from additional issued shares which ranked for dividend in 1972.

Net Income, 1963-1972



Return on Sales and Shareholders' Equity, 1963-1972



CONSTRUCTION

More Canadian steel goes into construction than into any other single industry. Exemplifying the practicality and ingenuity of today's steel designs is Hamilton's major landmark, the Stelco Tower, which probably embodies more good ideas than any recent building of similar size. It consists of a concrete core to which are attached open web steel joists supporting the steel floor deck and connecting the core with the exterior columns of square steel hollow structural sections. The building is sheathed in curtain-wall/rainscreen panels made of Stelcoloy high-strength weathering steel which interacts with the atmosphere to produce an attractive layer of self-sealing oxides. Thus, no painting or other maintenance is required. The use of steel resulted in the Stelco Tower being built for less cost in time and money than most other types of high-rise structures.

Capital Expenditures

Investment in plant and mining properties in 1972 amounted to $95,034,000, compared with $95,077,000 in 1971. The large expansion program at Hilton Works was again responsible for a high level of capital spending.

Capital projects approved during the year totalled $102,769,000 and at the end of the year the amount still to be spent on approved capital projects was approximately $115,000,000. The corresponding commitment at the end of 1971 was $123,000,000. This reduction in commitments reflects the advanced stage to which the Hilton Works program has now progressed.

Working Capital

In 1972, the Company's net inflow of funds, including receipts from the issue of shares, was $4,130,000 less than the outflow of funds for capital projects, dividends, and repayments of long-term debt. As a result, working capital at the end of the year amounted to $199,533,000 compared with $203,663,000 at December 31, 1971.

Accounts receivable, at $126,430,000, increased from $110,368,000, and inventories rose to $197,726,000 from $173,508,000 at the beginning of the year. These increases reflected the rising volume of business together with higher costs and selling prices. Cash and short-term securities were reduced to $5,483,000 from $34,461,000 at the beginning of the year and temporary bank loan financing, initiated during the year under established lines of credit, amounted to $20,000,000 at December 31. Accounts payable and the liability for taxes were lower than at the end of 1971.

The ratio of current assets to current liabilities was 2.5 to 1 compared with 2.7 to 1 at December 31, 1971.

Investments in Associated Companies

At December 31, 1972, investments in associated companies amounted, at cost, to $27,331,000 compared with $23,131,000 a year before. An advance to Baycoat Limited in support of an expansion program, together with investments and advances in respect of Stelco's interests in the Beckley coal mine and Tilden iron ore mine, were the principal reasons for the increase. The interest in the Tilden Mine, a property being developed in upper Michigan, was acquired in 1972 through the purchase of a 15.6% ownership in the Tilden Iron Ore Company.

Capital Structure

In February, the Company's Directors approved an Employees' Stock Purchase Plan giving certain salaried employees the opportunity to subscribe for unissued common shares in the capital stock of the Company at a price of $25 a share, approximately 82% of the market price of the shares on the date the Plan was approved. Individual subscriptions were limited in proportion to annual salaries. Pursuant to the Plan, 1,250 employees subscribed for 219,052 shares for which they paid an aggregate consideration of $5,476,000. The shares were allotted on March 13, 1972.

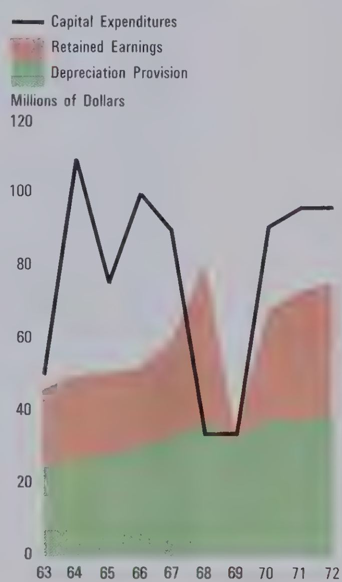
Under a Stock Option Policy adopted in 1965, 55,000 shares were issued for an aggregate consideration of $1,171,000.

The shares issued during the year brought the paid-up capital of the Company at December 31 to $138,259,000, represented by 24,618,899 common shares without nominal or par value.

Shareholders

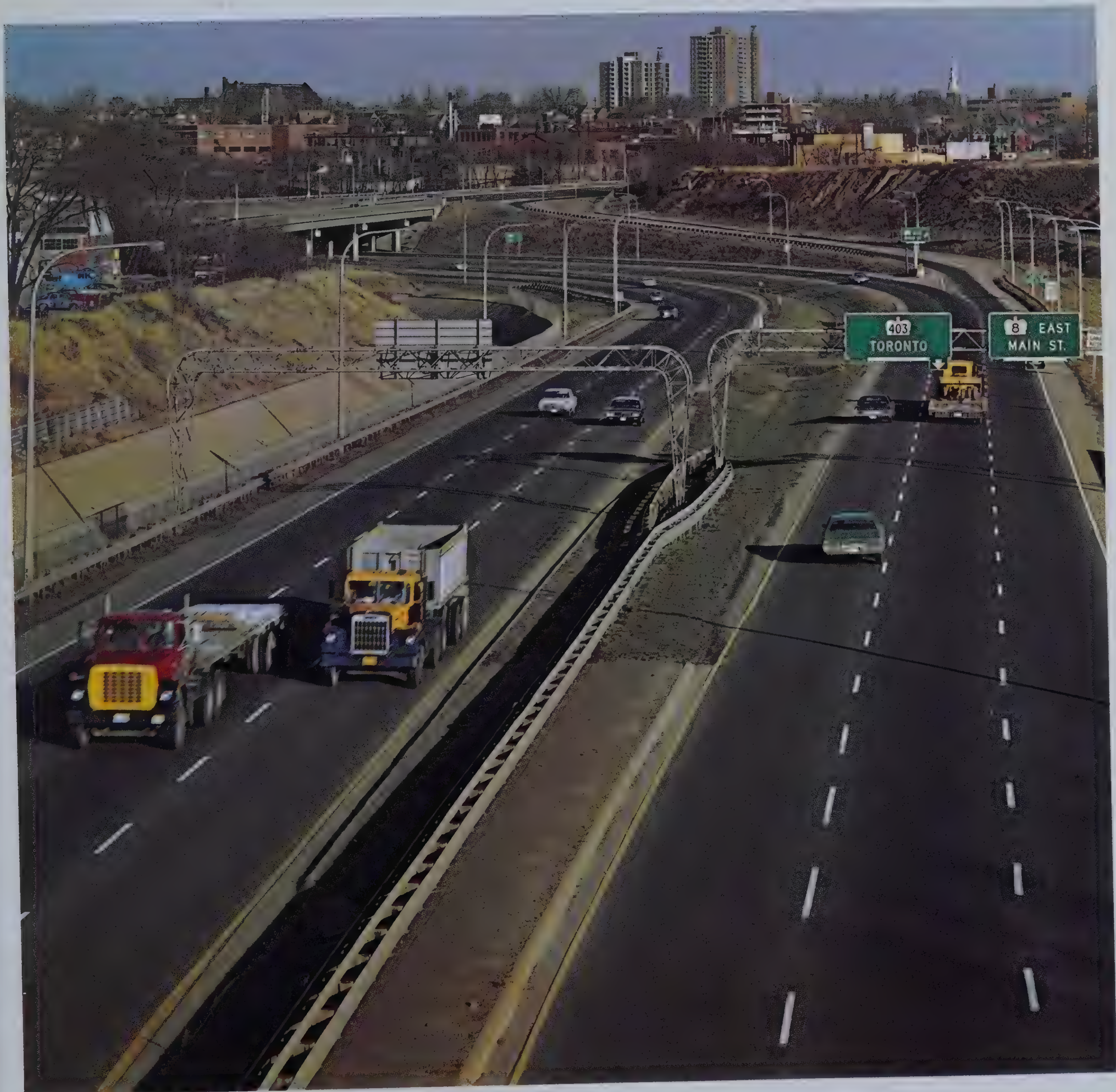
The number of Stelco shareholders at December 31, 1972, was 40,036 compared with 45,829 at the end of 1971. Residents of Canada held approximately 96% of the shares outstanding.

Capital Expenditures, Depreciation and Retained Earnings, 1963-1972



TRANSPORTATION

Stelco provided the bulk of the steel plate for 2,000 100-ton grain cars recently purchased by the Government of Canada to relieve transportation bottlenecks in shipping export orders. Stelco Sales Engineers assisted in the design of the cars which feature Stelcoloy 70 high-strength steels. The busy highway scene illustrates the tremendous use of steel in the business of moving people and goods. Both in the manufacturing of vehicles and in such vital highway applications as guard-rails, culverts and bridges, steel plays a major role in keeping Canada on the move.



OPERATIONS

The Company produced 5,031,000 tons of raw steel in 1972, a new record. Production in 1971 was 4,673,000 tons and the previous highest output, 4,801,000 tons, was achieved in 1970. Steadily increasing production from the new basic oxygen steelmaking furnaces at Hilton Works accounted for the greater output and permitted the old No. 2 open hearth furnaces to be shut down, as planned, before mid-year.

Operations at Hilton Works were at a high level for the first seven months but activity in some departments was reduced for a period following the labour settlement in August. There was also a loss of iron and steel production in the later months when the Company's largest blast furnace was out of service for several weeks for a planned reline. The problems encountered in starting up new production facilities, although not abnormal for any single project, were intensified with the initiation of several such major units within the year. In particular, delays in completing No. 3 bloom and billet mill due to late delivery of vital equipment had an adverse effect on production schedules and costs.

Purchases of iron and steel helped to relieve these difficulties and by the year-end the production problems were well on the way to being resolved.

At the fabricating plants, operating rates were high, particularly in the first seven months, but production levels declined in many departments following the conclusion of labour negotiations. However, with a recovery in the demand for most products after a few weeks, operations improved and production was restored to capacity levels in many departments before the end of the year. Operating rates at the tubular plants were higher than in the previous year. The large diameter pipe plants, in particular, finished the year strongly with substantial orders in hand for pipeline projects.

New Facilities - Hilton Works

Following the start-up of No. 3 tinning line and the basic oxygen steelmaking plant late in 1971, other important expansion projects were completed and brought into operation in 1972. These included:

- extended docking facilities
- a battery of 83 coke ovens
- No. 3 bloom and billet mill
- additional finishing and shipping facilities in the 148″ plate mill.

Projects under construction in 1972 and scheduled to be completed in 1973 included:

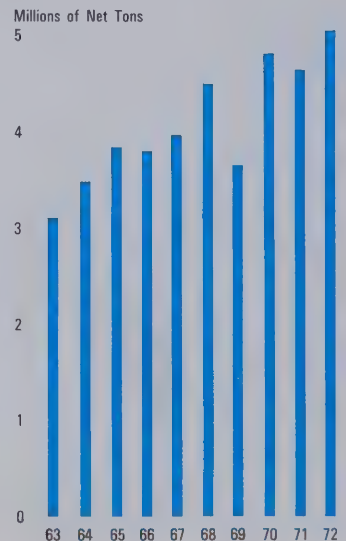
- a new slab cooling and handling system in the universal slabbing mill
- conversion of No. 1 rod mill for production of bars
- an additional furnace and other supporting facilities to increase the production capacity of the 56″ hot strip mill
- expansion of batch annealing capacity for cold rolled sheets.

New Facilities - Fabricating Plants

At Edmonton Steel Works, a major expansion was started which will more than double the plant's existing steelmaking capacity. The present three 25-ton electric arc furnaces will be replaced by two 75-ton furnaces, raising the output capacity to 300,000 tons of steel a year. A new billet caster capable of producing larger billet sizes will replace the existing unit, its capacity being equal to that of the expanded steelmaking facility. Modifications will be made to the rolling mill and, as a result, larger bar sections and a greater range of products will be made available. The new facilities are scheduled to be completed in 1974.

Raw steel capacity is also being increased by the addition of a steelmaking plant at McMaster Works in Contrecoeur, Quebec. The new plant, expected to be completed at the end of 1973, will include an

Raw Steel Produced, 1963-1972



STEEL IN AGRICULTURE

This tie-stall·dairy barn is clad with Stelcolour prefinished steel — inside as well as out. Reasons for the choice of Stelcolour sheet for interior applications are practical as well as aesthetic. Colourful interiors assist in good housekeeping and create a clean and bright — hence, productive — environment for the animals. The agricultural industry has long been a major consumer of steel products.

80-ton electric arc furnace together with a billet casting machine capable of producing 175,000 tons of steel billets annually for the McMaster rolling mill. With the introduction of integrated steelmaking operations in Quebec, Stelco will ensure a more adequate supply of billets to meet its market objectives and provide better service for customers in eastern Canada.

At Welland Tube Works, a new spiralweld pipe mill is being constructed to produce heavy wall, large diameter, high pressure pipe for oil and gas transmission lines. Incorporating a new pipemaking technique known as the Stelform Process, the mill will be able to maintain extremely tight tolerances and produce pipe at least four times as fast as existing spiralweld equipment. When this addition to its existing pipemaking facilities becomes operative in 1974, Stelco will be in an excellent position to participate fully in the expanding oil and gas pipeline market.

A new press forging plant at Gananoque Works started operating before the end of 1972.

Other projects completed included additional stranding and wire drawing facilities at Parkdale Works.

Lake Erie Development

Planning for the integrated steelmaking and processing plant to be built on the Company's Lake Erie site is continuing. Current market forecasts indicate that the additional production capacity to be provided by the first stage of development will be required within the next few years.

Baycoat Limited

A second coil coating line went into operation at Baycoat Limited in June, doubling the plant's capacity to produce prefinished colour coated steel coils. Baycoat is a 50%-owned affiliate of Stelco.

RAW MATERIALS

Despite some labour difficulties in both areas of mining, adequate supplies of coal and iron ore to meet production needs were maintained throughout the year.

Coal

Illegal work stoppages occurred in the United States coal mining industry and, although these were fewer than in the previous year, they affected operations at the properties in which Stelco has an interest. In addition, construction of new facilities at the Madison and Beckley mines was interrupted by frequent illegal walkouts.

Production at the Madison Mine, West Virginia, commenced in July with the first shipments of coal to Hilton Works being made in August. Development of the mine continues and full production is expected to be achieved in 1973.

To meet the needs for low volatile coal for expanded steel production at Hilton Works, a purchase contract was negotiated for a supply of coal from a property adjacent to the Beckley Mine. Delivery is expected to commence in 1975 and, together with production from the Beckley Mine beginning in 1974, should ensure an adequate supply of low volatile coal for several years. However, investigations into possible Canadian coal sources are continuing in an effort to provide for the Company's projected requirements over a longer term.

Iron Ore

New labour contracts were negotiated during the year at the various Canadian iron ore properties in which Stelco holds an interest. However, operations at Wabush Mines were interrupted three times before an agreement was successfully concluded in August. An illegal work stoppage took place at the Scully Mine in March and labour unrest in the area caused a shut-down of the Pointe Noire pelletizing plant in

STEEL FOR HOMEBUILDING

Siding is one of a number of homebuilding projects in which steel is being used with great success. The small illustration shows Stelco's first research house, built to test various steel products in the field and compare them with their conventional counterparts. The house contains well over eight tons of steel (compared with an average house with about one ton) and features several experimental steel products: load-bearing studs, roof trusses and roof cladding. In addition, many established products are utilized, including Stelco Siding, residential floor joists, non-load-bearing studs, steel doorframes, windows, rain-carrying equipment, front and garage doors, closet doors, cabinets.

The house pictured below will be widely seen on the nation's television screens in 1973. It is clad with Stelco Siding, which will be featured in T.V. commercials.

May. The Scully Mine was closed down by a legal strike during July and August.

Production at the Erie Mining Company in Minnesota continued without incident throughout the year and construction of the new Tilden Mine in northern Michigan progressed on schedule. Deliveries of pellets from this new mine are expected to begin during the 1974 shipping season.

A limited quantity of pellets was purchased in 1972 to provide some protection against an expected shortage of available supplies in the next few years. Negotiations have been undertaken with other Canadian companies to develop a new iron ore mine in Canada and the Company is also investigating the possibility of expanding existing operations.

MARKETING

The record volume of sales in 1972 was mainly a reflection of increased spending by Canadians on consumer durable goods and, to a lesser extent, on housing. Inventory accumulation, as a protection against the possibility of a steel strike, also increased pre-August shipments and a subsequent shortfall in the intake of domestic orders was largely offset by orders received from offshore customers for flat rolled steel. These orders, additional to the normal volume of overseas business, testified to the increasing effectiveness of the Company's international marketing organization.

Total shipments amounted to 3,797,000 tons compared with the previous record of 3,689,000 tons shipped in 1971.

Demand for steel for construction purposes was higher than in the previous year, although structural steel fabricators were still operating below capacity in 1972. In residential construction, a greater number of housing starts resulted in record shipments of many Stelco products, including galvanized sheets, Stelcolour siding, nails and fasteners. Sales to the automotive and railway car manufacturers increased in response to higher activity in these industries. Growing demands for steel for other forms of transportation were also apparent and a greater tonnage of large diameter pipe was shipped. Sales to steel service centres continued to increase but deliveries of bars and rods became extended in the later months as a result of the blast furnace shut down and the delayed completion of No. 3 bloom and billet mill.

Imports of steel into Canada, which were at a much higher level in the first half of the year than in 1971, moderated later to a level somewhat below that of 1971. This trend is expected to continue as steel prices strengthen abroad and world supply and demand become more evenly balanced.

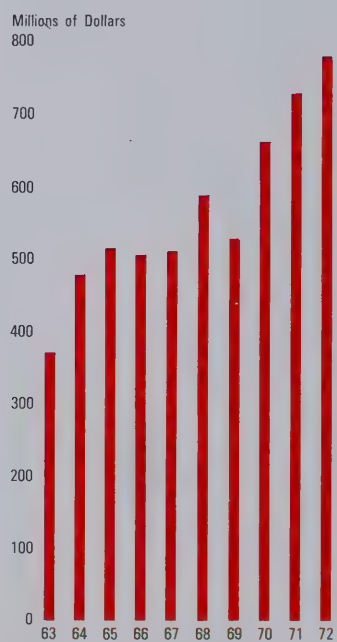
Sales to the United States market were slightly lower than in the previous year, but the Company's overseas marketing subsidiaries recorded substantial sales growth in a wide range of products.

Market Development

Stelcolour pre-finished steel, a relatively recent and fast-growing rolled steel product, received major advertising and sales promotion emphasis in 1972, television being employed for the first time to publicize its use for siding and other consumer products. Also, a demonstration suburban home was built to promote the use of steel in house building as well as to provide the Company's specialists with experience in the application of steel to more unconventional products such as floor joists, roof trusses, load-bearing wall studs and roofing.

The Company continued to consolidate its position as a major international supplier of special quality high carbon wire rod used in the manufacture of steel mesh for the automotive tire industry.

Sales, 1963-1972



FOOD PROCESSING

In the form of tinplate, steel plays a vital role in providing the means of low-cost preservation of foods. In other forms, from wire to tubing, from forgings to fasteners, steel contributes to the many aspects of the food processing industry. Tinplate is also the material favoured for containers for other goods of many types.

Among its varied promotional activities, Stelco, along with other Canadian steel producers, had products on display at the Trade Exhibition held in Peking, China.

A more comprehensive program for the development of new products and product improvements was inaugurated in 1972. Several ideas and proposals now being investigated are expected to result in the introduction of new products in 1973.

In May, the Marketing Division, including representatives from overseas subsidiaries, held a four-day conference. With the theme ''Target Tomorrow'', the conference focused on marketing trends in the nineteen seventies and explored ways and means of achieving profit, volume and market participation objectives.

EMPLOYEES

All of the Company's collective agreements with the various local unions of the United Steelworkers of America, a total of 16 including that for the Griffith Mine, were renegotiated in 1972 for a period of three years from August 1. The settlements resulted in a substantial increase in employment costs and while the Company regarded the settlement terms as unreasonably high, they were nevertheless based on patterns of wage and benefit increases which had already been established in other comparable industries.

During December, agreement was also reached with the United Electrical, Radio and Machine Workers Union at Page-Hersey Works and Welland Tube Works. The new collective agreements, running for three years from November 1, followed the pattern established at the other works of the Company. Negotiations for renewal of the collective agreements at Camrose Works in Alberta will commence early in 1973.

In addition to adjustments in salary levels, improved retirement and insurance benefits were also introduced for salaried employees.

Further progress was made in all forms of employee training. In both technical and managerial training, the emphasis is placed on job-related programs based on demonstrated needs and directed towards specific objectives. A feature of the Company's training activities is the high degree of involvement of line management and supervisory staff. In addition to formal methods of training, a constant effort is being made to maintain high employee morale and improve organizational commitment and productivity at all levels.

Total employment at the end of the year was 21,362 compared with 21,126 at the end of 1971.

ENVIRONMENTAL CONTROL

Protection of the environment continues to be one of the Company's most important priorities. Capital expenditures approved for this purpose in 1972 amounted to $9,000,000.

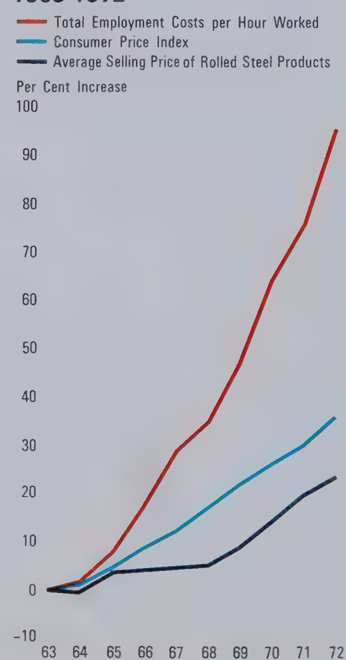
At Hilton Works, contamination of the air was significantly reduced with the closing down of the older open hearth furnaces and the acquisition of a large spray vehicle which is being used to control dust in the coal storage area. Other improvements include a large oil treatment plant, settling facilities for blast furnace wash water, conversion from acid pickling to shot blasting for cleaning bars, additional cooling facilities and ammonia recovery equipment at the coke ovens. All new production units are of course equipped with the latest apparatus and systems to safeguard air and water quality.

Conversion of furnace equipment at Page-Hersey Works, Welland, from oil to gas firing, and the installation there of water quality control equipment, completed two important projects in the air and water quality control program currently in hand to effect improvements, where necessary, at the fabricating plants.

Total Employment Costs and Number of Employees, 1963-1972

Employment Cost per Hour Worked, 1963-1972

Employment Costs, Selling Prices and Consumer Price Index, Percentage Increases, 1963-1972



PIPELINES FOR PROGRESS

Carrying the nation's oil and gas from source to users is a network of steel pipelines. Stelco is Canada's major supplier of pipe — and will shortly expand its product range still further when the Stelform pipe mill, now under construction at Welland, becomes operational. Stelco's new mill will represent a major addition to facilities available for the production of large diameter spiralweld pipe for North America's oil and gas industry.

EMPLOYMENT COSTS

	1972	1971
WAGES AND SALARIES		
For time worked	**$213,667,000**	$192,283,000
For vacations and statutory holidays	**17,124,000**	15,045,000
	$230,791,000	$207,328,000
SUPPLEMENTARY EMPLOYMENT COSTS		
Pension costs	**$ 17,470,000**	$ 14,010,000
Group insurance plans and other benefits	**11,454,000**	9,443,000
Unemployment insurance and workmen's compensation	**4,827,000**	3,766,000
	$ 33,751,000	$ 27,219,000
TOTAL EMPLOYMENT COSTS	**$264,542,000**	$234,547,000
AVERAGE NUMBER OF EMPLOYEES	**21,582**	21,351
AVERAGE PER EMPLOYEE	**$12,258**	$10,985
EMPLOYEE BENEFITS		
Number of pensioners at year end	**2,711**	2,562
Pensions paid during the year	**$6,322,000**	$6,155,000
Total life insurance in force at year end	**$312,244,000**	$298,352,000
Total death benefits paid during year	**$1,141,000**	$1,546,000

A total of approximately $64,000,000 has been spent or committed to date on projects designed to preserve the environment. Further substantial sums will be needed.

RESEARCH

The Company's research activities increased in 1972. A great deal of technical innovative effort continues to be directed toward optimization of production and the development of new processes and technology aimed at reducing the capital cost of expansion programs. Expansion based on reduced capital cost increments to improve the return on investment is a basic objective. Improvements in the solid-phase reduction of iron ore and in the design and process features of the electric arc furnace offer encouraging prospects in a new approach to steelmaking. Investigations into design and metallurgical control features for the continuous casting of slabs and the hot rolling of strip will contribute substantially to the basic objective of reducing capital expenditures for new production facilities at Lake Erie.

A concentrated research program is being maintained to develop improved coal blends for coke manufacture and to extend the range of coals suitable for Stelco's operations. Approximately ten per cent of the Company's research effort is directed toward better energy utilization. Burden sizing and beneficiation for blast furnace operation and metallurgical control in steelmaking and processing are other areas of continuing research.

The efforts of the Company to improve air and water quality controls have prompted substantial research into the reduction of emissions at source, and more effective methods of waste product recycling and recovery are being developed.

Among other new technological advances that have been made are the Stelform Process that will be featured in the new, large diameter, spiral-weld pipe mill now under construction; hot metal desulphurization; fuel enrichment to assist the optimization of iron production; replacement of fluorspar as a means of slag control in steelmaking, with a resultant elimination of fluoride emissions; high-strength, high-impact steel plate for large diameter pipe applications; and production-line metallurgical control of rod and bar quality.

The large variety of work involved in new product research is illustrated by the development of new parts for the Wankel engine, new steel products for residential and commercial construction, and an extended variety of coatings that can be applied to steel.

THE STEEL COMPANY OF CANADA, LIMITED and Subsidiary Companies

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

	Year 1972	Year 1971
Revenue		
Sales	**$775,931,000**	$730,247,000
Income from short-term investments	**420,000**	1,748,000
	776,351,000	731,995,000
Expense		
Cost of sales, exclusive of the following items	**638,263,000**	575,990,000
Provision for depreciation (Note 5)	**39,738,000**	37,068,000
Interest on long-term debt	**8,369,000**	8,542,000
Provision for income taxes — current (Note 6)	**12,578,000**	34,465,000
— deferred	**10,314,000**	9,285,000
	709,262,000	665,350,000
Net Income for the Year	**67,089,000**	66,645,000
(Per Share: 1972 — $2.73, 1971 — $2.74)		
Retained Earnings at beginning of year	**448,317,000**	412,102,000
	515,406,000	478,747,000
Deduct		
Dividends declared — $1.20 per share	**29,532,000**	29,213,000
Extra distribution — 5 cents per share	**1,231,000**	1,217,000
	30,763,000	30,430,000
Retained Earnings at end of year	**$484,643,000**	$448,317,000

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THE STEEL COMPANY OF CANADA, LIMITED and Subsidiary Companies

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	December 31 1972	December 31 1971
Current Assets		
Cash	**$ 2,832,000**	$ 9,321,000
Short-term investments, at cost (approximates market value)	**2,651,000**	25,140,000
Accounts receivable	**126,430,000**	110,368,000
Inventories (Note 7)	**197,726,000**	173,508,000
Prepaid expenses	**2,974,000**	2,243,000
	332,613,000	320,580,000
Current Liabilities		
Bank loans	**20,000,000**	—
Accounts payable and accrued	**91,988,000**	94,628,000
Provision for income and other taxes	**11,734,000**	13,012,000
Dividend payable	**8,617,000**	8,521,000
Current portion of long-term debt	**741,000**	756,000
	133,080,000	116,917,000
Working Capital	**199,533,000**	203,663,000
Other Assets		
Investments in associated companies, at cost (Note 8)	**27,331,000**	23,131,000
Fixed assets, less depreciation (Note 9)	**671,778,000**	621,287,000
Unamortized debenture issue expense	**864,000**	912,000
	699,973,000	645,330,000
Total Investment	**899,506,000**	848,993,000
Other Liabilities		
Long-term debt (Note 10)	**105,006,000**	107,781,000
Provision for deferred income taxes	**171,598,000**	161,284,000
	276,604,000	269,065,000
Shareholders' Equity	**$622,902,000**	$579,928,000
Derived from:		
Common Shares — no par value (Note 11)		
Authorized — 35,000,000 shares		
Issued — 24,618,899 shares (1971 — 24,344,847 shares)	**$138,259,000**	$131,611,000
Retained Earnings in use in the business	**484,643,000**	448,317,000
Shareholders' Equity	**$622,902,000**	$579,928,000

Signed on behalf of the Board:

H. M. Griffith Director

S. Gordon Director

CONSOLIDATED STATEMENT OF CHANGES IN WORKING CAPITAL

	Year 1972	Year 1971
Additions to Working Capital		
From operations		
Net income for the year	**$ 67,089,000**	$ 66,645,000
Non-cash charges		
Depreciation	**39,738,000**	37,068,000
Deferred income taxes	**10,314,000**	9,285,000
	117,141,000	112,998,000
Proceeds from issue of capital stock	**6,648,000**	210,000
Sundry items (net)	**653,000**	426,000
Total Additions	**124,442,000**	113,634,000
Deductions from Working Capital		
Expenditures for fixed assets	**90,834,000**	94,180,000
Investments in associated companies (net)	**4,200,000**	897,000
Reduction of long-term debt	**2,775,000**	2,446,000
Dividends declared	**30,763,000**	30,430,000
Total Deductions	**128,572,000**	127,953,000
Decrease in Working Capital	**4,130,000**	14,319,000
Working Capital at beginning of year	**203,663,000**	217,982,000
Working Capital at end of year	**$199,533,000**	$203,663,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, DECEMBER 31, 1972

1. It is estimated that $115,000,000 will be required to complete approved capital programs.

2. The Company, as a shareholder in certain iron ore mining companies, is committed to pay its proportionate share of production costs of those companies, including minimum annual depreciation charges not exceeding $2,000,000 to 1974 and $3,500,000 thereafter to cover the repayment of long-term debt.

3. Pension costs charged against income in the year include payments made to trust funds, under the Companies' pension plans, for current and past service requirements as determined by an independent actuary. Unfunded past service costs in respect of pensions ultimately payable to present employees are estimated to be $122,000,000 at December 31, 1972, and are being funded over periods not exceeding 25 years.

4. Accounts originating in foreign currencies have been converted generally at current rates of exchange except for plant and property values which have been converted at rates in effect at the date of acquisition.

5. Provision for depreciation is calculated using the straight-line method at rates based on the estimated useful lives of depreciable assets.

6. The three-year tax exempt period for The Griffith Mine terminated on November 30, 1972. In 1972, this exemption resulted in a reduction of approximately $8,000,000 in the provision for income taxes.

7. *Inventories*

	1972	1971
Raw materials and supplies	**$ 93,849,000**	$ 77,374,000
Finished and semi-finished products	**103,877,000**	96,134,000
	$197,726,000	$173,508,000

Inventories are valued at the lowest of cost, replacement cost and net realizable value.

8. The cost of investments in associated companies amounted to $27,331,000 at December 31, 1972, at which date the net equity value of the investments, as recorded in the accounts of the associated companies, was $27,871,000.

9. *Fixed Assets*

	1972	1971
Raw material properties, at cost	**$ 167,472,000**	$ 159,750,000
Manufacturing plants and properties, at cost	**1,083,691,000**	1,007,953,000
	1,251,163,000	1,167,703,000
Less accumulated depreciation	**579,385,000**	546,416,000
	$ 671,778,000	$ 621,287,000

10. *Long-term Debt*

	1972	1971
5½% sinking fund debentures due April 1, 1983 (Sinking fund requirement fulfilled to maturity)	**$ 1,238,000**	$ 2,688,000
5⅞% sinking fund debentures due May 1, 1990 (Annual sinking fund requirement $1,250,000)	**44,509,000**	45,849,000
9¼% sinking fund debentures due November 1, 1990 (Annual sinking fund requirement $1,500,000 — 1976 through 1983; $2,000,000 — 1984 through 1989)	**60,000,000**	60,000,000
	105,747,000	108,537,000
Less current portion included in current liabilities	**741,000**	756,000
	$105,006,000	$107,781,000

11. In accordance with a Stock Option Policy adopted in 1965, 209,000 common shares are reserved for stock options. At December 31, 1972, options were outstanding in respect of 103,700 shares at prices ranging from $18.75 to $25.50 per share, including 72,200 shares under option to officers, the options expiring on various dates between December 1975 and February 1978. As a result of the exercise of options during the year, 55,000 shares were issued for cash aggregating $1,171,000.

During the year 219,052 common shares were issued for cash under an Employees' Stock Purchase Plan at a price of $25.00 per share aggregating $5,476,000, including 5,677 shares issued to officers.

12. Information pursuant to Section 122.2 of the Canada Corporations Act for the year ended December 31, 1972:

Number of directors	15
Aggregate remuneration as directors	$ 128,865
Number of officers	19
Aggregate remuneration as officers	$1,274,691
Number of officers who are directors	2

AUDITORS' REPORT

Riddell, Stead & Co.

CHARTERED ACCOUNTANTS

P. O. Box 431, Royal Trust Tower, Toronto-Dominion Centre, Toronto 111, Ontario

To The Shareholders
The Steel Company of Canada, Limited

We have examined the consolidated statement of financial position of The Steel Company of Canada, Limited and its subsidiary companies at December 31, 1972 and the consolidated statements of income and retained earnings and changes in working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies at December 31, 1972 and the results of their operations and the changes in their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

January 24, 1973

Riddell. Stead & Co.

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TEN YEAR STATISTICAL SUMMARY

Dollars in thousands except as indicated*

	1972	1971	1970
OPERATIONS (thousands of net tons)			
Raw steel produced	**5,031**	4,673	4,801
Total raw steel processed (including purchases)	**5,362**	5,214	4,955
INCOME AND RELATED DATA			
Sales	**$775,931**	730,247	663,202
Depreciation	**$ 39,738**	37,068	37,466
Income taxes	**$ 22,892**	43,750	40,830
Net income	**$ 67,089**	66,645	60,207
Per share*	**$2.73**	2.74	2.47
Per cent of sales	**8.6%**	9.1	9.1
Per cent of shareholders' equity	**11.2%**	11.9	11.5
Dividends (including extra distributions)	**$ 30,763**	30,430	29,202
Per share*	**$1.25**	1.25	1.20
CAPITAL EXPENDITURES	**$ 95,034**	95,077	89,471
FINANCIAL POSITION, YEAR END			
Working capital	**$199,533**	203,663	217,982
Fixed assets — net	**$671,778**	621,287	564,549
Shareholders' equity	**$622,902**	579,928	543,503
Per share*	**$25.30**	23.82	22.33
EMPLOYMENT			
Average number of employees	**21,582**	21,351	21,497
Total employment costs	**$264,542**	234,547	221,216
Employees' average weekly earnings*	**$204.46**	186.35	173.46
NUMBER OF SHAREHOLDERS, YEAR END	**40,036**	45,829	49,985

†1969 operations interrupted by strike — 80 days.

1969†	1968	1967	1966	1965	1964	1963
3,670	4,485	3,966	3,794	3,846	3,479	3,110
4,076	4,591	4,087	4,086	4,137	3,884	3,122
528,037	589,613	512,386	504,763	516,406	477,823	370,989
33,415	37,111	33,058	29,500	27,594	26,003	24,081
24,853	37,455	24,357	33,051	38,808	33,791	31,680
31,070	67,971	46,733	42,744	43,454	43,630	37,095
1.28	2.79	1.94	1.77	1.80	1.91	1.82
5.9	11.5	9.1	8.5	8.4	9.1	10.0
6.1	14.1	10.5	10.1	10.9	12.0	11.8
29,201	24,329	20,518	20,518	20,518	19,752	15,723
1.20	1.00	.85	.85	.85	.85	.77½
33,344	33,498	89,212	99,542	75,540	109,306	52,236
176,510	175,810	123,861	138,560	180,355	122,695	125,348
514,457	515,331	519,817	464,313	396,291	350,863	234,035
507,756	505,794	458,943	432,728	410,503	388,578	326,437
20.87	20.79	19.01	17.93	17.01	16.10	16.02
21,792	21,584	20,556	20,360	20,262	18,584	16,599
176,223	186,948	169,219	151,708	143,179	123,864	107,386
156.38	146.52	138.65	130.98	125.13	121.33	117.00
51,730	52,520	53,340	53,017	46,597	40,973	30,297

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DIRECTORS

*W. Herman Browne, Toronto
Chairman of the Board, Moore Corporation, Limited

*Alistair M. Campbell, Montreal
Chairman and Chief Executive Officer, Sun Life Assurance Company of Canada

*J. Douglas Gibson, O.B.E., Toronto
Financial and Economic Consultant

*J. Peter Gordon, Toronto
President of the Company

J. Roy Gordon, New York
Industrialist
Resigned, January 1, 1973

*H. M. Griffith, Toronto
Chairman of the Board and Chief Executive Officer of the Company

A. J. MacIntosh, Q.C., Toronto
Partner, Messrs. Blake, Cassels & Graydon, Barristers & Solicitors

Senator The Hon. Ernest C. Manning, P.C., C.C., Edmonton
President, M & M Systems Research Ltd.

Frederick C. Mannix, Calgary
Director, Loram Holdings Ltd.

*D. R. McMaster, Q.C., Montreal
Partner, Messrs. McMaster, Meighen, Minnion, Patch, Cordeau, Hyndman & Legge, Barristers & Solicitors

Lucien G. Rolland, Montreal
President and General Manager, Rolland Paper Company, Limited

*V. W. Scully, C.M.G., Toronto
Chairman of the Executive Committee of the Board of Directors of the Company

H. Greville Smith, C.B.E., Montreal
President, Canadian International Investment Trust Limited

Henry G. Thode, C.C., Ph.D., F.R.S., Hamilton
Professor of Chemistry, McMaster University

William H. Young, Hamilton
President, The Hamilton Group Limited

*Member of the Executive Committee

EXECUTIVE OFFICERS

H. M. Griffith
Chairman of the Board and Chief Executive Officer

J. P. Gordon
President

H. J. Clawson
Vice-President

N. J. Brown
Vice-President and Comptroller

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Vice-President and Treasurer

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Vice-President, Facilities Planning, Engineering and Research

A. R. McMurrich
Vice-President, Marketing

G. H. G. Layt
Vice-President, Operations

J. D. Allan
Vice-President, Corporate Planning

R. E. Heneault
Vice-President, Personnel

J. W. Younger, Q.C.
Secretary and General Counsel

VICE-PRESIDENTS

L. H. Doering
Marketing Administration

A. J. Harris
Manufacturing

R. H. Macdonald
Product Sales

S. W. McDermott
Manufacturing

A. R. Oliver
Procurement

OFFICES AND PLANTS

HEAD OFFICE

P.O. Box 205, Toronto-Dominion Centre,
Toronto, Ontario,
M5K 1J4.

GENERAL OFFICES

Hamilton, Ontario
Montreal, Quebec — Eastern Region
Edmonton, Alberta — Western Region

SALES OFFICES

Hamilton, Ontario
Montreal, Quebec
Calgary, Alberta
Edmonton, Alberta
Halifax, Nova Scotia
Quebec, Quebec
Regina, Saskatchewan
Saint John, New Brunswick
St. John's, Newfoundland
Toronto, Ontario
Vancouver, British Columbia
Windsor, Ontario
Winnipeg, Manitoba

PLANTS

ONTARIO

Hamilton	— Hilton Works
	— Canada Works
	— Parkdale Works
	— Frost Works
	— Canadian Drawn Works
Brantford	— Brantford Works
Toronto	— Swansea Works
Gananoque	— Gananoque Works
Welland	— Page-Hersey Works
	— Welland Tube Works

QUEBEC

Montreal	— Notre Dame Works
	— St. Henry Works
Lachine	— Dominion Works
Contrecoeur	— McMaster Works

ALBERTA

Edmonton	— Stelco Edmonton, Steel Works
	— Stelco Edmonton, Finishing Works
Camrose	— Camrose Works

SASKATCHEWAN

Regina	— Saskatchewan Steel Fabricators Ltd.

SUBSIDIARIES, RAW MATERIAL PROPERTIES AND ASSOCIATED COMPANIES

SUBSIDIARY COMPANIES WHOLLY OWNED

(Consolidated in Financial Statements)

Saskatchewan Steel Fabricators Ltd., Regina, Sask.
Frost Steel and Wire Company, Limited, Hamilton, Ont.
Frost Steel and Wire Company Quebec, Limited, Montreal, Que.
Stelco Coal Company, Pittsburgh, Pa.
Pikeville Coal Co., Louisville, Ky.
Kanawha Coal Company, Ashford, W. Va.
Stelco Nederland B.V., Amsterdam, The Netherlands
Stelco S.A., Geneva, Switzerland
The Steel Company of Canada (U.K.), Limited, London, England
Ubbelohde-Stelco S.A.C., I. y de R., Buenos Aires, Argentina
Stelco do Brasil Ltda., Sao Paulo, Brazil
Stelco de Venezuela S.R.L., Caracas, Venezuela

RAW MATERIAL PROPERTIES

(Ownership interest consolidated in Financial Statements)

	% Owned
The Hilton Mines, Que. (Iron ore)	50.0
Wabush Mines, Nfld. and Que. (Iron ore)	25.6
The Griffith Mine, Ont. (Iron ore)	100.0
Chisholm Mine, Ky. (Coal)	100.0
Madison Mine, W. Va. (Coal)	100.0
Chemical Lime Works, Ont. (Limestone)	100.0

ASSOCIATED COMPANIES

(Included in Investments in Associated Companies in Financial Statements)

	% Owned
Baycoat Limited, Ont.	50.0
The Canada Systems Group (EST) Limited, Ont.	33.3
Arnaud Railway Company, Que.	25.6
Wabush Lake Railway Company, Limited, Nfld.	25.6
Northern Airport Limited, Nfld.	12.8
Northern Land Company Limited, Nfld.	12.8
Twin Falls Power Corporation, Limited, Nfld.	4.4
Knoll Lake Minerals Limited, Nfld.	14.8
Tilden Iron Ore Company, Mich.	15.6
Erie Mining Company, Minn.	10.0
Ontario Iron Company, Minn.	10.0
Mathies Coal Company, Pa.	13.3
Beckley Coal Mining Company, W. Va.	12.5
Olga Coal Company, W. Va.	10.0

stelco

THE STEEL COMPANY OF CANADA, LIMITED
Toronto, Ontario

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